
AGENCY OVERVIEW**412 Aeronautics Commission**

Date: 12/23/2014**Time:** 12:53:24**Statutory Authority**

North Dakota Century Code Chapters 2-05, 2-06, 2-08, 57-40.5, 57-43.3.

Agency Description

The Aeronautics Commission encourages the establishment and maintenance of airports and navigational facilities; cooperates with federal and local governments in the development and coordination of all aeronautical activities; and represents the state and industry in all matters relating to aeronautical activities.

Agency Mission Statement

To serve the public by providing economic and technical assistance for the aviation community while ensuring the safe and cost effective advancement of aviation in North Dakota.

Agency Performance Measures

Performance measures and results reporting are not currently used by the agency.

Major Accomplishments

1. Provided technical and financial assistance to the 89 public owned airports across the state.
2. Coordinated financial assistance through the FAA/State Capital Improvement Plan for 54 federal airports in North Dakota which belong to the National Plan of Integrated Systems (NPIAS).
3. Provided approximately \$13.6 million dollars in state airport infrastructure grants, through the Air Carrier Grant Program and General Aviation Grant Programs.
4. Served as the advisory agency for the Board of University and School Lands for the appropriation of oil impact airport grants.
5. Continued to provide the Flight Instructor Assistance Program (FTAP) to offer assistance to rural public use airports not served by an active flight instructor. This program provided a means for airports to train new pilots at their airports by defraying the costs of bringing in a flight instructor from elsewhere.
6. Continued the Air Carrier Intern Program for the eight communities that have airline service. This program provided funding to each commercial service airport that wanted to create an internship for airport management.
7. Presented the first completion awards for the Airport Passport Program to encourage pilots to visit all of the state's airports. This initiative has been very popular with the tourism division.
8. Served as the Governor's coordinator of the "Real World Design Challenge" which encourages high school students to pursue careers in science, technology, engineering and math related fields.
9. Distributed aviation charts, airport directories, and aviation education material to numerous aviation-related events throughout the state.
10. Provided support to all eight airline serviced communities which helped increase airline boardings to all-time record numbers in each community.
11. Initiated a windsock program which provides each public airport in North Dakota one new windsock on an annual basis. The goal of this program is to help prevent weather related landing accidents caused by wind direction and magnitude and to help ensure that public airports replace deteriorated windsocks.
12. Updated the pavement condition index study which provides an inventory and analysis of all the pavement at the public airports in North Dakota. An interactive website of this information was also developed and placed on the commission website.
13. Initiated a statewide contract in which funding is provided to enable internet connection and provide routine maintenance to all of North Dakota's Automated Weather Observation System's (AWOS) that report wind speed, current weather, ceiling and visibility. The AWOS that are located across the state help to provide critical information to pilots and provide for an increase in flight safety.
14. Educated the aviation community and public airport sponsors through airport inspections, training conferences, safety and security information, federal grant assurances, and community meetings.

Future Critical Issues

The commission is challenged to ensure that the state's airports are maintained in a safe condition, and are modified to handle the increased business as a function of a booming economy. Oil field development in the state requires additional airport capabilities, particularly in the western part of the state where airports are seeing significantly larger aircraft than what they were originally designed to accommodate. Airline capacity needs are increasing at commercial airports, and airports need longer

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runways and instrument approaches to accommodate larger, long distance clients. Accommodating the large growth and infrastructure needs while maintaining current infrastructure throughout the state is currently very challenging. The Commission works closely with the communities on air service to insure that we receive quality service not only for our state residents but for those who want to do business with our business community.

Federal funding availability and timing is always a critical issue for airport infrastructure projects. A federal reauthorization bill is required for any airport improvement program funding after the year 2015. The commission will continue to work with local, regional, and national federal leaders to ensure a partnership continues with this program.

North Dakota was recently selected as one of the six unmanned aerial vehicles (UAS) test sited in the United States. This new technology will require changes to airspace regulations, modernized equipment, additional aviation fields of expertise and additional infrastructure to support them in the state. The commission will continue hold an active role in ensuring that the UAS business is supported here as a new aviation partner, keeping in mind that manned aircraft remain a critical part of the commission's mission.

REQUEST SUMMARY

412 Aeronautics Commission
Biennium: 2015-2017

Bill#: HB1006

Date: 12/23/2014

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
By Major Program					
Regulatory and Administration	1,230,470	2,152,427	338,555	2,490,982	149,933
Airport Development and Maintenance	6,299,088	19,094,511	(12,055,511)	7,039,000	64,450,000
Total Major Program	7,529,558	21,246,938	(11,716,956)	9,529,982	64,599,933
By Line Item					
Salaries and Wages	768,992	1,117,214	104,668	1,221,882	149,933
Accrued Leave	0	29,164	(29,164)	0	0
Operating Expenses	1,206,909	1,977,049	81,051	2,058,100	0
Capital Assets	485,900	390,000	(90,000)	300,000	0
Construction Carryover	1,251,645	2,233,511	(2,233,511)	0	0
Grants	3,816,112	15,500,000	(9,550,000)	5,950,000	64,450,000
Total Line Items	7,529,558	21,246,938	(11,716,956)	9,529,982	64,599,933
By Funding Source					
General Fund	554,500	6,550,000	(6,000,000)	550,000	64,450,000
Federal Funds	537,864	2,277,000	(117,000)	2,160,000	0
Special Funds	6,437,194	12,419,938	(5,599,956)	6,819,982	149,933
Total Funding Source	7,529,558	21,246,938	(11,716,956)	9,529,982	64,599,933
Total FTE	6.00	6.00	0.00	6.00	1.00

REQUEST DETAIL

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Salaries and Wages					
Salaries - Permanent	565,865	857,521	25,835	883,356	105,024
Temporary Salaries	0	14,293	9,707	24,000	0
Fringe Benefits	203,127	245,400	69,126	314,526	44,909
Total	768,992	1,117,214	104,668	1,221,882	149,933
Salaries and Wages					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	768,992	1,117,214	104,668	1,221,882	149,933
Total	768,992	1,117,214	104,668	1,221,882	149,933
Accrued Leave					
Salaries - Permanent	0	29,164	(29,164)	0	0
Total	0	29,164	(29,164)	0	0
Accrued Leave					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	29,164	(29,164)	0	0
Total	0	29,164	(29,164)	0	0
Operating Expenses					
Travel	49,420	83,500	(1,500)	82,000	0
Supplies - IT Software	5,099	9,000	1,000	10,000	0
Supply/Material-Professional	19,793	39,000	0	39,000	0
Bldg, Ground, Maintenance	74,421	186,000	(61,000)	125,000	0
Miscellaneous Supplies	4,151	5,500	4,000	9,500	0
Office Supplies	13,153	33,100	1,400	34,500	0
Postage	13,197	16,000	1,000	17,000	0
Printing	19,017	38,000	0	38,000	0
IT Equip Under \$5,000	4,775	40,500	(1,000)	39,500	0
Office Equip & Furn Supplies	12,590	11,000	0	11,000	0
Insurance	18,464	29,000	(9,000)	20,000	0
Rentals/Leases-Equip & Other	1,486	5,000	0	5,000	0
Rentals/Leases - Bldg/Land	83,350	121,000	(5,000)	116,000	0
Repairs	21,569	86,500	177,000	263,500	0
IT - Data Processing	28,173	36,000	0	36,000	0
IT - Communications	13,718	22,000	(3,000)	19,000	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
IT Contractual Svcs and Rprs	11,671	30,249	(249)	30,000	0
Professional Development	27,222	43,000	7,000	50,000	0
Operating Fees and Services	27,816	27,600	16,000	43,600	0
Fees - Professional Services	757,824	1,115,100	(45,600)	1,069,500	0
Total	1,206,909	1,977,049	81,051	2,058,100	0
Operating Expenses					
General Fund	4,500	0	0	0	0
Federal Funds	537,864	990,000	(90,000)	900,000	0
Special Funds	664,545	987,049	171,051	1,158,100	0
Total	1,206,909	1,977,049	81,051	2,058,100	0
Capital Assets					
Extraordinary Repairs	0	330,000	(30,000)	300,000	0
Motor Vehicles	485,900	60,000	(60,000)	0	0
Total	485,900	390,000	(90,000)	300,000	0
Capital Assets					
General Fund	0	0	0	0	0
Federal Funds	0	297,000	(27,000)	270,000	0
Special Funds	485,900	93,000	(63,000)	30,000	0
Total	485,900	390,000	(90,000)	300,000	0
Construction Carryover					
Grants, Benefits & Claims	1,251,645	2,233,511	(2,233,511)	0	0
Total	1,251,645	2,233,511	(2,233,511)	0	0
Construction Carryover					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	1,251,645	2,233,511	(2,233,511)	0	0
Total	1,251,645	2,233,511	(2,233,511)	0	0
Grants					
Grants, Benefits & Claims	3,816,112	15,500,000	(9,550,000)	5,950,000	64,450,000
Total	3,816,112	15,500,000	(9,550,000)	5,950,000	64,450,000
Grants					
General Fund	550,000	6,550,000	(6,000,000)	550,000	64,450,000

REQUEST DETAIL

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Date: 12/23/2014

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Biennium: 2015-2017

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Federal Funds	0	990,000	0	990,000	0
Special Funds	3,266,112	7,960,000	(3,550,000)	4,410,000	0
Total	3,816,112	15,500,000	(9,550,000)	5,950,000	64,450,000

Funding Sources

General Fund	554,500	6,550,000	(6,000,000)	550,000	64,450,000
Federal Funds	537,864	2,277,000	(117,000)	2,160,000	0
Special Funds	6,437,194	12,419,938	(5,599,956)	6,819,982	149,933
Total Funding Sources	7,529,558	21,246,938	(11,716,956)	9,529,982	64,599,933

CHANGE PACKAGE SUMMARY

412 Aeronautics Commission

Biennium: 2015-2017

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<u>Base Budget Changes</u>						
One Time Budget Changes						
A-E 2 Remove one time Carry-Over Appropriation		0.00	(6,000,000)	0	(2,233,511)	(8,233,511)
Total One Time Budget Changes		0.00	(6,000,000)	0	(2,233,511)	(8,233,511)
Ongoing Budget Changes						
A-A 10 Decrease airport grants in special funds		0.00	0	0	(3,550,000)	(3,550,000)
A-A 3 Increase Operating Expenses		0.00	0	0	283,800	283,800
A-A 4 Decrease Operating Expenses		0.00	0	(90,000)	(112,749)	(202,749)
A-A 7 Request Capital Assets Funding		0.00	0	270,000	30,000	300,000
A-F 1 Remove Previous Biennium Capital		0.00	0	(297,000)	(93,000)	(390,000)
Base Payroll Change		0.00	0	0	75,504	75,504
Total Ongoing Budget Changes		0.00	0	(117,000)	(3,366,445)	(3,483,445)
Total Base Budget Changes		0.00	(6,000,000)	(117,000)	(5,599,956)	(11,716,956)
<u>Optional Budget Changes</u>						
One Time Optional Changes						
A-D 6 Request one-time Airport Grant Funding	6	0.00	5,000,000	0	0	5,000,000
A-D 100 Energy Impact - One Time Airport Grant Funding	11	0.00	50,000,000	0	0	50,000,000
Total One Time Optional Changes		0.00	55,000,000	0	0	55,000,000
Ongoing Optional Changes						
A-C 5 Request an additional FTE	5	1.00	0	0	149,933	149,933
A-C 8 Request additional permanent airport grant fundi	8	0.00	9,450,000	0	0	9,450,000
Total Ongoing Optional Changes		1.00	9,450,000	0	149,933	9,599,933
Total Optional Budget Changes		1.00	64,450,000	0	149,933	64,599,933

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Change Group: A	Change Type: A	Change No: 3	Priority: 3
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Increase Operating Expenses

Operating Expense Increases

Change Group: A	Change Type: A	Change No: 4	Priority: 4
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Decrease Operating Expenses

Operating Expense Decreases

Change Group: A	Change Type: A	Change No: 7	Priority: 7
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Request Capital Assets Funding

Funding for Capital Assets - IPG Terminal and lighting

Change Group: A	Change Type: A	Change No: 10	Priority: 10
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Decrease airport grants in special funds

This would decrease the requested airport grant funding utilizing special funds

Change Group: A	Change Type: C	Change No: 5	Priority: 5
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Request an additional FTE

Optional Package - Add additional FTE - to assist in the increased workload brought about by the Oil Industry. Airport Grants has seen the biggest workload increase.

Change Group: A	Change Type: C	Change No: 8	Priority: 8
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Request additional permanent airport grant funding

The Commission's current biennial general fund contribution of \$550,000 is directed to be used for airport infrastructure projects. The funding has been fixed at this dollar amount since before 1990 and is inadequate to provide for the support of the much needed airport infrastructure improvements currently needed and being planned throughout the state. Along with inflation, the costs of construction have dramatically increased throughout the state,

This optional request of an additional \$ 9,450,000 of permanent funding from the general fund would allow for \$ 10,000,000 in permanent funding for the commission to assist in the anticipated additional needs for North Dakota airports into the future.

The long-term needs of justifiable and high priority airport infrastructure throughout the state have been identified and allowing assurance of permanent funding will allow the agency to adequately plan for projects in future years outside of the current biennium.

BUDGET CHANGES NARRATIVE**412 Aeronautics Commission****Bill#: HB1006****Date:** 12/23/2014**Time:** 12:53:24

North Dakota's aviation system has proven to be a vital resource to the efficient movement of people and products in support of our state's development. The demand for infrastructure due to the tremendous growth North Dakota is experiencing is exponential, and airports are no exception to those demands. While the roads have shown increased wear from larger numbers and heavier traffic, so have the airports throughout the state.

Noteworthy facts of North Dakota Aviation:

- There are 89 total public-use airports in the state.
 - 54 of these airports are in the National Plan of Integrated Airports (NPIAS) system and accept federal aid for airport improvements.
 - Of these 54 NPIAS airports, 8 of these airports serve the state with airline service (6 primary and 2 commercial service).
- Many airports in North Dakota have become more congested and lack hangar and apron space.
- Heavier aircraft are utilizing small general aviation airports that do not have the pavement strength or runway length to adequately accommodate their needs.
- Airports in the western oil-impacted areas were built to handle light aircraft and commuter airlines. Many of these airports are seeing significantly larger aircraft than what they were originally designed to accommodate.
- Since 2009, the state has seen a 12 percent average annual increase in airline enplanements compared to the national average of 3 to 4 percent.
- Since 2008, the total number of registered pilots in North Dakota has increased by almost 1,000 to nearly 3,600 total.
- The state of North Dakota is currently averaging 75 airline departures per day with 12 different non-stop destinations being available. For perspective, in 2008, the state averaged 52 airline departures per day to 6 non-stop destinations.
- Since 2008, North Dakota has experienced a 20 percent increase in based aircraft.

Aircraft operations are at an all-time high at the commercial service airports North Dakota. Airlines across the region have filled to capacity, and airline terminals and parking lots are operating at levels much higher than what they were designed. Oil crews and supplies require larger equipment to operate from our airports and the runways and aprons need to be widened and extended to accommodate these larger aircraft and increased traffic levels.

In addition to workers utilizing air service, most general aviation airports are seeing dramatic increases in aviation traffic as well as workers are finding fast and economical means of transportation. Corporate and charter aircraft from exploration companies around the continent are flying in to conduct business and the increased economic development has increased the need for fixed based operations, air ambulance, aircraft maintenance, flight instruction, and air cargo flight. This dramatic increase in activity has placed stress on runways, aprons, hangars and other airport facilities in North Dakota. Similar to the commercial service airports, the runways and aprons need to be widened and extended to accommodate the larger aircraft and increased traffic.

Change Group: A	Change Type: D	Change No: 6	Priority: 6
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Request one-time Airport Grant Funding

This optional request of \$5,000,000 of one-time general funding would allow the Commission to address some immediate needs at the North Dakota airports.

Adequate Infrastructure Funding to Maintain and Grow the North Dakota Airports

North Dakota's aviation system has proven to be a vital resource for the efficient movement of people and products in support of our state's development. The demand for infrastructure due to the tremendous growth North Dakota is experiencing is exponential, and airports are no exception to those demands. While the roads have shown increased wear from larger numbers and heavier traffic, so have the airports throughout the state.

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The Upper Great Plains Transportation Institute (UGPTI) recently released a report that assessed North Dakota's present and future airport infrastructures. The report stated that approximately \$857.2 million in airport infrastructure needs exist over the next 10 year time period (2013-2022) and that an estimated \$594 million of needs exist over the next 5 year time period (2013-2017). The report concluded "To ensure that North Dakota Airports can provide safe and efficient passenger air service, air charter, air freight, air ambulance, and agricultural services, and to ensure that the tax payers of the state are provided an adequate return on their investment in the state's aviation infrastructure, the state's aviation systems will need \$50 million per year of state funding in addition to federal and local investments. State funding would support maintenance and rehabilitation of aviation infrastructure at current and future safety standards, including but not limited to runways, taxiways, terminals, parking, and security."

The North Dakota Aeronautics Commission has also tasked an out of state aviation consulting firm to update the state's aviation system plan document. This plan will document aviation needs, guide funding decisions, and provide appropriate guidance and recommendations to the commission for the management of the aviation system in North Dakota. The aviation firm analyzed the individual airport priorities and capital improvement projects and determined that in the 2015-2017 biennium, there exists a need of \$358 million dollars throughout the state. It is important to note that this dollar amount does not include the unconstrained need of all justified projects at the airports throughout the state, but only certain projects that each airport has identified as a priority.

The North Dakota Aeronautics Commission took an additional step in this analysis and reviewed state priorities and project timelines to identify \$320 million in projects throughout the next biennium that the agency views as a high priority to the state's airport system. The Aeronautics Commission is recommending that \$50 million in state funds is provided for the oil impacted airports through the energy impact office and \$20 million be provided through the Aeronautics Commission grant program. The \$20 million would be made up by this request of \$5 million one time general funds, \$10 million permanent general funds as noted in Change Package AC8 and \$5 million in Commission special funds.

Change Group: A	Change Type: D	Change No: 100	Priority: 11
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Energy Impact - One Time Airport Grant Funding Request

A biennial appropriation of \$50 million dollars is recommended to be provided to the energy impact office for the Board of University and School Lands to allocate oil impacted airport infrastructure grants. \$40 million would be planned for the Williston Airport Relocation project and \$10 million would be planned for the other needs of the oil impacted airports.

Change Group: A	Change Type: E	Change No: 2	Priority: 2
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Remove one time Carry-Over Appropriation

This removes one time Capital Construction Carryover - One Time Appropriation.

Change Group: A	Change Type: F	Change No: 1	Priority: 1
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Remove Previous Biennium Capital

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This removes prevoius Biennium Capital Assets.

Change Group: R	Change Type: A	Change No: 1	Priority:
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Request for an additional FTE

Approves an additional FTE to assist with the increased workload due to the oil economy and the increase in airport grants.

Change Group: R	Change Type: A	Change No: 2	Priority:
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Additional airport grant funding

Provides an increase in general funds for grants. The current funding has not changed since 1990. This request will provide an additional \$450,000 to help with airport infrastructure projects.

Change Group: R	Change Type: A	Change No: 100	Priority:
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Executive Compensation Package Adjustment

Provides funding for recommended 2015-17 compensation adjustments.